

# Annual Financial Statements

for

## ***Blouberg Local Municipality***

for the year ended 30 June 2012



Province:

Limpopo

AFS rounding:

***R (i.e. only cents)***

### **Contact Information:**

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**Blouberg Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information**

**Members of the Council**

Sekgoloane S.E	Mayor
Thamaga M.N	Speaker
Chishi M.M	Chief Whip
Ratladi S.D (chairperson :Infrastructure)	Member of the Executive Committee
Masekwameng M.R (Chairperson : Finance)	Member of the Executive Committee
Moshuhla M.W (Chairperson : Community Services)	Member of the Executive Committee
Sithukga Sekadi Elina (Corporate Services)	Member of the Executive Committee
Morapedi M.A (Chairperson : Economic Dev & Planning)	Member of the Executive Committee
Rapheaga Kgabo Thomas	Member
Lehong Mathekga Violet	Member
Rangata Morongwa Johanna	Member
Mosebedi Matome Erasmus	Member
Morukhu Mangako Beauty	Member
Seduma Matee Derrick	Member
Raseruthe Matome Agnes	Member
Makobela Setumo Robert	Member
Boloka Mushaisane Phineas	Member
Nabane Ngoako Bishop	Member
Sekwatlakwatla Sewela Phelecity	Member
Kgwatalala Mashilo Moses	Member
Manetja Mokgadi Rosta	Member
Moetji Ngakwana Tiny	Member
Ntlatla Mahlodi William	Member
Mathekgane Chuene Rosina	Member
Mojodo Malatsi Daniel	Member
Kobe Ditshego Margaret	Member
Molokomme Nkgolo Olivia	Member
Ntlema Matome Abram	Member
Mashalane Mmapitsi Simon	Member
Shongoane Selekha Linah	Member
Kotsinkwa Phakedi Joseph	Member
Mathidza Sewela Elisa	Member
Tjumana Mashingwana Mienkie	Member
Keetse Machuene Charles	Member
Maboya Mmatshoene Solomon	Member
Tlouamma Ntshilo Martin	Member
Tutja Tebogo Philemon	Member
Seduma M.D	Member
Chauke Kganakga Ronald	Member
Phosa Matlala Helen	Member
Modishetji Matome Petrus	Member
Mokgehle Pitsi Saldinah	Member
Moshuhla Matome William	Member

**Municipal Manager**

Kgoale TMP

**Chief Financial Officer**

Raganya MC

**Grading of Local Authority**

Level 3

**Blouberg Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information (continued)**

**Auditors**

Auditor-General of South Africa (AGSA)

**Bankers**

ABSA Bank Limited

**Registered Office:**

Dendron

**Physical address:**

2nd Building  
Dendron Road  
0790

**Postal address:**

P.O box 1593  
Senwabarwana  
0790

**Telephone number:**

(015) 505 7100

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(015) 505 0296

**E-mail address:**

**info@blouberg.gov.za**

**Blouberg Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 49, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 18 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager

**31 August 2012**

**Blouberg Local Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

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**Blouberg Local Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2012

	Note	2012 R	2011 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	3 161 503	2 473 228
Trade and other receivables from exchange transactions	2	5 582 160	1 370 144
Other receivables from non-exchange transactions	3	9 416 540	4 369 811
Inventories	4	32 244 597	3 074 737
VAT receivable	8	18 465 406	13 019 735
<b>Non-current assets</b>			
Investments	5	4 029 616	4 166 171
Property, plant and equipment	6	3 106 770 073	3 133 304 531
Correction of error (illustrative purposes only)			
<b>Total assets</b>		<b>3 179 669 896</b>	<b>3 161 778 358</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	7	22 434 249	16 418 232
VAT payable	8	6 712 616	5 212 818
Current provisions	9	2 791 657	4 570 054
Current portion of unspent conditional grants and receipts	10	11 837 698	18 707 166
<b>Non-current liabilities</b>			
Non-current unspent conditional grants and receipts	10	-	-
Defined benefit plan obligations	30	-	-
<b>Total liabilities</b>		<b>43 776 220</b>	<b>44 908 269</b>
<b>Net assets</b>		<b>3 135 893 676</b>	<b>3 116 870 089</b>
<b>NET ASSETS</b>			
Reserves		2 938 898 697	2 955 383 456
Accumulated surplus		196 994 979	161 486 633
<b>Total net assets</b>		<b>3 135 893 675</b>	<b>3 116 870 089</b>

**Blouberg Local Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2012

	<b>Note</b>	<b>2012 R</b>	<b>2011 R</b>
<b>Revenue</b>			
Property rates	11	7 929 213	6 753 497
Property rates - penalties imposed and collection charges	11	-	-
Service charges	12	6 722 694	8 436 466
Rental of facilities	13	227 394	162 605
Interest earned - external investments	14	712 912	353 355
Interest earned - outstanding receivables	15	3 706	259 872
Fines		495 399	306 938
Licences and permits		2 607 570	2 329 593
Government grants and subsidies	16	113 914 466	87 714 581
Other income	17	47 194 862	4 275 828
<b>Total revenue</b>		<b>179 808 216</b>	<b>110 592 736</b>
<b>Expenses</b>			
Employee related costs	18	43 146 620	39 329 059
Remuneration of councillors	19	9 854 910	7 022 560
Bad debts		-	5 721 338
Collection costs		-	-
Depreciation and amortisation expense	20	47 957 282	9 302 409
Repairs and maintenance		1 821 100	1 262 374
Bulk purchases	21	12 573 822	9 312 570
Contracted services	22	1 577 535	1 165 017
General expenses	23	27 368 600	19 468 188
<b>Total expenses</b>		<b>144 299 870</b>	<b>92 583 515</b>
<b>Surplus for the period</b>		<b>35 508 346</b>	<b>18 009 221</b>

**Blouberg Local Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2012

		Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus / (Deficit)	Total: Net Assets
	Note	R	R	R	R	R
<b>Balance at 30 June 2010</b>		648 800	-	648 800	143 477 412	144 126 212
Changes in accounting policy		-	-	-	-	-
Correction of prior period error		-	-	-	-	-
<b>Restated balance</b>		<b>648 800</b>	<b>-</b>	<b>648 800</b>	<b>143 477 412</b>	<b>144 126 212</b>
Surplus / (deficit) on revaluation of property of property, plant and equipment		2 955 375 152	-	2 955 375 152	-	2 955 375 152
Other items		-	-	-	-	-
Other items		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus / (deficit) for the period		-	-	-	18 009 221	18 009 221
<b>Balance at 30 June 2011</b>		<b>2 956 672 752</b>	<b>-</b>	<b>2 956 023 952</b>	<b>161 486 633</b>	<b>3 117 510 585</b>
Correction of prior period error	26	(640 497)	-	(640 497)	-	(640 497)
<b>Restated balance at 30 June 2011</b>		<b>2 956 032 256</b>	<b>-</b>	<b>2 955 383 456</b>	<b>161 486 633</b>	<b>3 116 870 089</b>
Surplus / (deficit) on revaluation of property of property, plant and equipment	26	(16 484 759)	-	(16 484 759)	-	(16 484 759)
Other items		-	-	-	-	-
Net gains and losses not recognised in the statement of financial performance		-	-	-	-	-
Transfers to / from accumulated surplus/(deficit)		-	-	-	-	-
Surplus for the period		-	-	-	35 508 346	35 508 346
<b>Balance at 30 June 2012</b>		<b>2 939 547 497</b>	<b>-</b>	<b>2 938 898 697</b>	<b>196 994 979</b>	<b>3 135 893 675</b>



# Blouberg Local Municipality

## CASH FLOW STATEMENT

as at 30 June 2012

	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		118 878 749	102 999 041
Taxation		-	-
Sales of goods and services		17 982 270	12 686 055
Grants		102 076 768	89 699 760
Interest received		716 618	613 227
Other receipts		(1 896 907)	-
Payments		92 943 953	74 328 287
Employee costs		53 001 530	46 351 619
Suppliers		39 942 423	27 976 667
Interest paid		-	-
Other payments		-	-
<b>Net cash flows from operating activities</b>	24	<b>25 934 796</b>	<b>28 670 754</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)		25 383 074	28 305 173
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	(275 563)
Purchase of intangibles		-	-
Decrease/(Increase) in Investments		(136 554)	-
<b>Net cash flows from investing activities</b>		<b>25 246 520</b>	<b>28 029 610</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from finance lease liability		-	-
Repayment of finance lease liability		-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>688 276</b>	<b>641 144</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>2 473 228</b>	<b>1 832 085</b>
<b>Net cash and cash equivalents at end of period</b>	25	<b>3 161 504</b>	<b>2 473 228</b>

**Blouberg Local Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2012

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

Other

Other

## **2 PROPERTY, PLANT AND EQUIPMENT**

### **2.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

### **2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### 2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

### 2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

#### Infrastructure

Roads and Paving  
Pedestrian Malls  
Electricity  
Water  
Sewerage

#### Community

Buildings  
Recreational Facilities  
Security  
Halls  
Libraries  
Parks and gardens  
Other assets

#### Heritage assets

Buildings  
Paintings and artefacts

#### Finance lease assets

Office equipment  
Other assets

#### Other

Buildings  
Specialist vehicles  
Other vehicles  
Office equipment  
Furniture and fittings  
Watercraft  
Bins and containers  
Specialised plant and equipment  
Other items of plant and equipment  
Landfill sites  
Quarries  
Emergency equipment  
Computer equipment  
Other

Other

Other

Other

Other

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### 2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of

### **3 INVENTORIES**

#### **3.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### **3.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

### **4 FINANCIAL INSTRUMENTS**

#### **4.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

#### **4.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### **4.3 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### **4.4 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### **4.5 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### **4.6 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

### **5 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 6 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 7 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## 8 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

The municipality has a detailed formal plan for the restructuring identifying at least:

the business or part of a business concerned;

principal locations affected;

location, function, and approximate number of employees who will be compensated for terminating their services;

expenditures that will be undertaken; and

the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(a)

-

- the

- the

- the

- the

- when

## **9 LEASES**

### **9.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### **9.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant

## **10 REVENUE**

### **10.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on prior month average meter readings.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised on a time proportion basis.



Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

## **10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually

## **10.3 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

## **11 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when

## **12 CONSTRUCTION CONTRACTS AND RECEIVABLES**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## **13 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2012**

	Note	2012 R	2011 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		-	-
Cash at bank		3 161 503	2 473 229
		<b>3 161 503</b>	<b>2 473 229</b>
The Municipality has the following bank accounts: -			
<b><u>Current Account (Primary Bank Account)</u></b>			
ABSA Bank Limited - Polokwane Branch: Account Number 1150169476			
Cash book balance at beginning of year		2 424 961	1 637 833
Cash book balance at end of year		3 113 479	2 424 961
Bank statement balance at end of year		3 118 115	2 705 945
Cash book balance at end of year		4 767 802	3 118 115
<b><u>Current Account (Other Account)</u></b>			
ABSA Bank Limited - Polokwane Branch: Account Number 4057350474			
Cash book balance at beginning of year		48 267	194 034
Cash book balance at end of year		48 024	48 267
Bank statement balance at beginning of year		48 267	230 651
Bank statement balance at end of year		48 024	48 267
<b><u>Cash on hand</u></b>		-	-
Total cash and cash equivalents		<b>3 161 503</b>	<b>2 473 228</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>Gross Balances R</b>	<b>Provision for Doubtful Debts R</b>	<b>Net Balance R</b>
<b>Trade receivables as at 30 June 2012</b>			
Service debtors			
Electricity	3 048 776	(1 891 954)	1 156 822
Refuse	859 465	(700 478)	158 987
Rates	9 336 067	(6 706 881)	2 629 186
Other	1 637 166	-	1 637 166
<b>Total</b>	<b>14 881 473</b>	<b>(9 299 312)</b>	<b>5 582 161</b>
Other receivables	-	-	-
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Trade and other receivables</b>	<b>14 881 473</b>	<b>(9 299 312)</b>	<b>5 582 161</b>
<b>as at 30 June 2011</b>			
Service debtors			
Electricity	2 494 086	(2 288 011)	206 074
Refuse	909 993	(834 805)	75 188
Rates	11 646 234	(10 683 961)	962 273
Other	1 532 318	(1 405 710)	126 608
<b>Total</b>	<b>16 582 632</b>	<b>(15 212 488)</b>	<b>1 370 144</b>
Other receivables	-	-	-
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Trade and other receivables</b>	<b>16 582 632</b>	<b>(15 212 488)</b>	<b>1 370 144</b>
	<b>Note</b>	<b>2 012 R</b>	<b>2 011 R</b>
<b>Electricity: Ageing</b>			
Previous balance		65 358	47 889
Current (0 – 30 days)		63 670	47 889
31 - 60 Days		-	52 681
61 - 90 Days		69 522	46 346
91 - 120 Days		13	59 159
121 - 365 Days		1 916 525	51 568
+ 365 Days		933 688	2 236 442
<b>Total</b>		<b>3 048 776</b>	<b>2 494 085</b>
<b>Refuse: Ageing</b>			
Previous balance		20 213	
Current (0 – 30 days)		20 106	20 106
31 - 60 Days		19 584	19 584
61 - 90 Days		19 254	19 254
91 - 120 Days		18 971	18 971
121 - 365 Days		131 203	131 203
+ 365 Days		630 134	700 874
<b>Total</b>		<b>859 465</b>	<b>909 992</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>Rates: Ageing</b>			
Previous balance		<b>87 585</b>	
Current (0 – 30 days)		615 430	223 619
31 - 60 Days		160 619	245 995
61 - 90 Days		64 426	216 416
91 - 120 Days		63 651	276 243
121 - 365 Days		3 306 778	240 800
+ 365 Days		5 037 579	10 443 161
<b>Total</b>		<b>9 336 067</b>	<b>11 646 234</b>
 <b>Other: Ageing</b>			
<b>Previous balance</b>		4 620	29 422
Current (0 – 30 days)		4 568	32 366
31 - 60 Days		4 410	28 474
61 - 90 Days		4 203	36 346
91 - 120 Days		4 191	31 683
121 - 365 Days		28 162	106 961
+ 365 Days		1 587 011	1 267 066
<b>Total</b>		<b>1 637 166</b>	<b>1 532 318</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>2 Reconciliation of the doubtful debt provision</b>			
Balance at beginning of the year		15 212 488	9 491 150
Contributions to provision		9 299 312	5 721 338
Doubtful debts written off against provision		-	-
Reversal of provision		(15 212 488)	-
<b>Balance at end of year</b>		<b>9 299 312</b>	<b>15 212 488</b>

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2012, R1 997 424 (2011: R989 075) were past due but not impaired

The ageing of amounts past due but not impaired is as follows:

1 month past due	703 774	323 980
2 months past due	87 883	346 733
3 months past due	1 205 767	318 362

**Trade and other receivables impaired**

As of 30 June 2012, trade and other receivables of R16 582 633 - (2011: R15 212 818) were impaired and provided for.

The amount of the provision was R9 299 312 as of 30 June 2012 (2011: R15 212 488).

The ageing of these receivables is as follows:

3 to 6 months	20 659	386 056
Over 6 months	9 278 654	14 826 432

The fair value of trade and other receivables approximates their carrying amounts.

**3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Other debtors	9 416 540	4 369 811
<b>Total Other Debtors</b>	<b>9 416 540</b>	<b>4 369 811</b>

**4 INVENTORIES**

**Opening balance of inventories:**

Consumable stores - at cost	3 074 737	2 837 880
Vacant stands	361 537	124 680
	2 713 200	2 713 200

**Additions:**

Consumable stores	742 396	361 537
Vacant stands	46 798 084	-

**Issued (expensed):**

Consumable stores	361 537	124 680
Vacant stands	18 009 082	-

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>4 Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):</b>		-	-
Consumable stores		-	-
Vacant stands		-	-
<b>Closing balance of inventories:</b>		<b>32 244 597</b>	<b>3 074 737</b>
Consumable stores		<b>742 396</b>	<b>361 537</b>
Vacant stands		<b>31 502 202</b>	<b>2 713 200</b>

**5 INVESTMENTS**

**ABSA Fixed deposit a/c 20-7075-0019**

Opening balance	4 166 171	4 166 171
Interest earned	265 435	224 437
Amount withdrawn during the year	(401 989)	(224 437)
Closing balance at the end of year	<b>4 029 616</b>	<b>4 166 171</b>

The investment refers to a fixed deposit held at ABSA. Interest is earned at a variable interest rate of 5% and is compounded monthly.

During the year R287 905 was withdrawn from the investment .

**ABSA Fixed deposit a/c 20-716-2011**

Opening balance	-	-
Invested during the year	15 000 000	
Interest earned	198 784	-
Amount withdrawn during the year	(15 198 784)	-
Closing balance at the end of year	<b>-</b>	<b>-</b>

The investment refers to a fixed deposit held at ABSA. Interest is earned at a variable interest rate of 5% and is compounded monthly.

During the year R15 198 783 was withdrawn from the investment .

**ABSA Fixed deposit a/c 20-7201-2180**

Opening balance	-	-
Invested during the year	10 000 000	
Interest earned	47 693	-
Amount withdrawn during the year	(10 047 693)	-
Closing balance at the end of year	<b>-</b>	<b>-</b>

The investment refers to a fixed deposit held at ABSA. Interest is earned at a variable interest rate of 5% and is compounded monthly.

During the year R10 047 693 was withdrawn from the investment.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**6 PROPERTY, PLANT AND EQUIPMENT**

**6.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Other Assets	Total
	R	R	R	R	R
<b>as at 1 July 2011</b>	<b>2 394 008 123</b>	<b>58 730 967</b>	<b>671 366 835</b>	<b>9 198 606</b>	<b>3 133 304 531</b>
Cost/Revaluation	2 394 008 123	82 197 992	988 829 566	11 987 754	3 477 023 436
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(23 467 026)	(317 462 731)	(2 789 148)	(343 718 905)
Acquisitions	-	3 916 130	17 455 758	1 703 324	23 075 212
Capital under Construction	-	2 307 862	-	-	2 307 862
Depreciation	-	(5 214 017)	(41 235 476)	(1 507 789)	(47 957 282)
Carrying value of disposals	<b>(3 960 250)</b>	-	-	-	<b>(3 960 250)</b>
Cost/Revaluation	(3 960 250)	-	-	-	(3 960 250)
Accumulated depreciation and impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
Other	-	-	-	-	-
<b>as at 30 June 2012</b>	<b>2 390 047 873</b>	<b>59 740 942</b>	<b>647 587 117</b>	<b>9 394 141</b>	<b>3 106 770 073</b>
Cost/Revaluation	2 390 047 873	88 421 985	1 006 285 324	13 691 078	3 498 446 260
Accumulated depreciation and impairment losses	-	(28 681 043)	(358 698 207)	(4 296 937)	(391 676 187)

Refer to Appendix B for more detail on property, plant and equipment.



**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**6.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Other Assets	Total
	R	R	R	R	R
<b>as at 1 July 2010</b>	<b>648 800</b>	<b>19 937 721</b>	<b>130 223 755</b>	<b>8 756 834</b>	<b>159 567 110</b>
Cost/Revaluation	648 800	21 714 826	141 004 433	13 148 823	176 516 882
Accumulated depreciation and impairment losses	-	(1 777 105)	(10 780 678)	(4 391 989)	(16 949 772)
Acquisitions	-	292 694	16 340 460	2 530 139	19 163 293
Capital under Construction	-	5 447 465	3 694 416	-	9 141 881
Depreciation	-	(738 274)	(5 867 717)	(2 696 418)	(9 302 409)
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
*Other movements	-	-	-	-	-
<b>as at 30 June 2011</b>	<b>2 394 008 123</b>	<b>58 730 967</b>	<b>671 366 835</b>	<b>9 198 606</b>	<b>3 133 304 531</b>
Cost/Revaluation	648 800	27 454 985	161 039 309	15 678 962	204 822 056
Correction of error (note 48)	2 393 359 323	33 791 361	526 975 921	608 051	2 954 734 656
Accumulated depreciation and impairment losses	-	(2 515 379)	(16 648 395)	(7 088 407)	(26 252 181)

Refer to Appendix B for more detail on property, plant and equipment.

**6.2 Property, plant and equipment pledged as security**

No property, plant and equipment pledged as security.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2 012	2 011
	R	R
<b>7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	5 003 723	4 565 620
Payments received in advance	5 715 665	1 489 316
Retentions	5 706 618	4 132 804
Other creditors	6 008 243	6 230 491
Pre Paid Electricity	160 190	-
<b>Total creditors</b>	<b>22 434 249</b>	<b>16 418 232</b>

The fair value of trade and other payables approximates their carrying amounts.  
Prior year figures restated, refer to Note 39

**8 VAT**

<b>VAT payable</b>	6 712 616	5 212 818
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

<b>VAT receivable</b>	18 465 406	13 019 735
	18 465 406	13 019 735

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors. Prior year VAT Payable and VAT receivable was combined on the face of the Statement of Financial position as R7 806 917 (R13 019 735 - R5 212 818)

**9 PROVISIONS**

Performance bonus	1 045 657	701 063
Current portion of long-service provision	191 000	143 514
Long term portion of long-service provision	1 004 000	-
Current portion of unused leave provision	89 000	3 725 476
Long term portion of unused leave provision	462 000	-
<b>Total Provisions</b>	<b>2 791 657</b>	<b>4 570 054</b>

Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.

The balance of the performance bonus provisions relate to amounts not yet paid to certain employees due to disputes over the assessment process. Also see note 54.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2 012	2 011
	R	R

**10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

**10.1 Unspent Conditional Grants from other spheres of Government**

MIG Grants	8 014 546	10 110 290
MSIG Grants	-	39 655
CDM Grants	3 233 907	4 010 103
DME Grants	-	4 204 238
FMG Grants	589 246	342 879

**Total Unspent Conditional Grants and Receipts**

	11 837 698	18 707 166
--	------------	------------

Non-current unspent conditional grants and receipts

Current portion of unspent conditional grants and receipts

	-	-
	11 837 698	18 707 166

	11 837 698	18 707 166
--	------------	------------

See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.

**11 PROPERTY RATES**

**Actual**

Residential	511 978	6 753 497
State	5 694 124	-
Commercial	551 521	-
Farms	1 171 590	-
<b>Total property rates</b>	<b>7 929 213</b>	<b>6 753 497</b>
Property rates - penalties imposed and collection charges	-	-
<b>Total</b>	<b>7 929 213</b>	<b>6 753 497</b>

**Valuations**

Residential	142 128 800	142 128 800
Commercial	27 576 000	27 576 000
State	284 173 000	284 173 000
Municipal	30 167 900	30 167 900
	536 000	536 000
<b>Total Property Valuations</b>	<b>484 581 700</b>	<b>484 581 700</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004. Council decided to extend the use of the valuation roll in the current financial year.

A basic rate applied in the current year was 2cents in the Rand on land. A rebate of 20% was granted on agricultural and farming land. A flat rate of R120 was charged on residential as per council resolution.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>12 SERVICE CHARGES</b>			
Sale of electricity		6 496 488	8 212 484
Sale of water		-	-
Refuse removal		226 206	223 982
Sewerage and sanitation charges		-	-
<b>Total Service Charges</b>		<b>6 722 694</b>	<b>8 436 466</b>
<b>13 RENTAL OF FACILITIES</b>			
Rental of facilities		227 394	162 605
<b>Total rentals</b>		<b>227 394</b>	<b>162 605</b>
<b>14 INTEREST EARNED - EXTERNAL INVESTMENTS</b>			
Fixed deposit		511 914	272 368
Other		200 998	80 987
<b>Total interest</b>		<b>712 912</b>	<b>353 355</b>
<b>15 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>			
Interest on Debtors		44 497	263 506
Transfer to CDM - Relating to Water and Sanitation Services		40 791	3 634
<b>Total interest</b>		<b>3 706</b>	<b>259 872</b>
<b>16 GOVERNMENT GRANTS AND SUBSIDIES</b>			
Equitable share		75 548 000	60 017 061
MIG Grant		27 572 745	13 235 334
MSIG Grant		829 654	710 345
CDM Grant		1 506 197	5 590 831
DME		7 204 238	7 170 219
FMG		1 253 633	990 791
<b>Total Government Grant and Subsidies</b>		<b>113 914 466</b>	<b>87 714 581</b>
<b>16.1 Equitable Share</b>			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		75 548 000	60 017 061

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>16.2 MIG Grant</b>			
Balance unspent at beginning of year		10 110 290	2 163 624
Current year receipts		25 477 000	21 182 000
Conditions met - transferred to revenue		(27 572 745)	(13 235 334)
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>8 014 545</b>	<b>10 110 290</b>
<b>16.3 Other Government Grants and Subsidies</b>			
<b>MSIG</b>			
Balance unspent at beginning of year		39 655	-
Current year receipts		790 000	750 000
Conditions met - transferred to revenue		(829 655)	(710 345)
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>-</b>	<b>39 655</b>
<b>CDM</b>			
Balance unspent at beginning of year		4 010 103	8 100 235
Current year receipts		730 000	1 500 699
Conditions met - transferred to revenue		(1 506 197)	(5 590 831)
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>3 233 906</b>	<b>4 010 103</b>
<b>DME</b>			
Balance unspent at beginning of year		4 204 238	6 374 457
Current year receipts		3 000 000	5 000 000
Conditions met - transferred to revenue		(7 204 238)	(7 170 219)
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>-</b>	<b>4 204 238</b>
<b>FMG</b>			
Balance unspent at beginning of year		342 879	83 670
Current year receipts		1 500 000	1 250 000
Conditions met - transferred to revenue		(1 253 633)	(990 791)
<b>Conditions still to be met - remain liabilities (see note 10)</b>		<b>589 246</b>	<b>342 879</b>

**16.4 Changes in levels of government grants**

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

**17 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS**

**17.1 Other income**

Other income	2 310 193	4 275 828
Over provision of Bad Debts in Prior year	5 913 176	
Donations of Stands	46 798 084	-
Sale of Stands	7 663 769	-
Transfer out - Cost of Sale of Stands	(15 490 360)	
<b>Total Other Income</b>	<b>47 194 862</b>	<b>4 275 828</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011	
		R	R	
<b>18 EMPLOYEE RELATED COSTS</b>				
<b>TOTAL EMPLOYEE RELATED COST</b>		<b>47 014 633</b>	<b>42 938 039</b>	
Employee related costs - Salaries and Wages		26 745 355	23 021 623	
Employee related costs - Contributions for UIF, pensions and medical aids		9 363 301	6 627 322	
Travel, motor car, accommodation, subsistence and other allowances		7 141 441	6 245 642	
Housing benefits and allowances		2 145 042	1 093 144	
Overtime payments		920 322	783 083	
Performance and other bonuses		-	-	
Long-service awards		-	-	
Over provision of prior year Leave Provision		(3 168 841)	1 558 246	
<b>Employee Related Costs</b>		<b>43 146 620</b>	<b>39 329 059</b>	
There were no advances to employees / Loans to employees are set out in note 3.				
<b>Remuneration of the Municipal Manager</b>				
Annual Remuneration		541 775	601 643	
Performance- and other bonuses		45 148	-	
Travel, motor car, accommodation, subsistence and other allowances		195 347	224 067	
Contributions to UIF, Medical and Pension Funds		120 688	110 362	
<b>Total</b>		<b>902 958</b>	<b>936 072</b>	
<b>Remuneration of the Chief Finance Officer</b>				
Annual Remuneration		480 000	400 936	
Performance- and other bonuses		40 000	-	
Travel, motor car, accommodation, subsistence and other allowances		172 903	177 160	
Contributions to UIF, Medical and Pension Funds		107 097	90 131	
<b>Total</b>		<b>800 000</b>	<b>668 227</b>	
<b>Remuneration of Individual Executive Directors</b>	<b>LED Services</b>	<b>Technical Services</b>	<b>Corporate Services</b>	<b>Community Services</b>
	R	R	R	R
<b>2012</b>				
Annual Remuneration	433 011	433 011	433 011	433 011
Performance- and other bonuses	36 084	-	36 084	36 084
Travel, motor car, accommodation, subsistence and other allowances	138 122	163 305	148 025	155 830
Contributions to UIF, Medical and Pension Funds	114 468	125 369	104 565	96 760
<b>Total</b>	<b>721 685</b>	<b>721 685</b>	<b>721 685</b>	<b>721 685</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note		2 012	2 011
			R	R
	LED Services	Technical Services	Corporate Services	Community Services
	R	R	R	R
<b>2011</b>				
Annual Remuneration	400 936	400 936	400 936	400 936
Performance- and other bonuses	-	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	177 160	177 160	177 160	177 160
Contributions to UIF, Medical and Pension Funds	90 131	90 131	90 131	90 131
<b>Total</b>	<b>668 227</b>	<b>668 227</b>	<b>668 227</b>	<b>668 227</b>
<b>19 REMUNERATION OF COUNCILLORS</b>				
Executive Mayor			397 732	311 339
Chief Whip			298 299	-
Deputy Executive Mayor			-	248 975
Speaker			318 185	233 414
Executive Committee Members			1 303 337	980 339
Councillors			3 828 094	1 960 661
Councillors' pension and medical aid contributions			886 288	602 326
Councillors' allowances			2 822 975	2 685 506
<b>Total Councillors' Remuneration</b>			<b>9 854 910</b>	<b>7 022 560</b>
<b>20 DEPRECIATION AND AMORTISATION EXPENSE</b>				
Property, plant and equipment			47 957 282	9 302 409
<b>Total Depreciation and Amortisation</b>			<b>47 957 282</b>	<b>9 302 409</b>
<b>21 BULK PURCHASES</b>				
Electricity			12 573 822	9 312 570
<b>Total Bulk Purchases</b>			<b>12 573 822</b>	<b>9 312 570</b>
<b>22 CONTRACTED SERVICES</b>				
Contracted services for:				
Security Security			1 577 535	1 165 017
			<b>1 577 535</b>	<b>1 165 017</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>23 GENERAL EXPENSES</b>			
Included in general expenses are the following:-			
Advertising		98 938	196 904
Admin fees		122 383	94 270
Audit fees		1 841 164	1 169 456
Bank charges		245 283	243 118
Bursaries		1 600	14 328
Conferences and delegations		804 840	781 467
Connection charges		135 750	15 838
Financial management grant		730 963	433 156
Fuel and oil		2 353 843	1 894 117
Insurance		396 938	183 716
Levies paid		67 928	25 579
Licence fees - vehicles		66 650	47 548
Membership fees		702 260	469 942
Postage		3 196	16 778
Printing and stationery		587 924	523 563
Professional fees		385 455	1 011 055
Rental of office equipment		897 341	925 417
Stocks and material		230 676	135 569
Telephone cost		734 095	618 361
Training		167 771	338 111
Travel and subsistence		4 648 812	3 134 522
Valuation costs		2 439 692	329 823
Other		9 705 099	6 865 552
		<b>27 368 600</b>	<b>19 468 188</b>



**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2 012	2 011
	R	R
<b>24 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	35 508 346	18 009 221
Adjustment for:-		
Depreciation and amortisation	47 957 282	9 302 409
Bad debt	5 913 176	5 721 338
<b>Operating surplus before working capital changes:</b>	<b>89 378 804</b>	<b>33 032 967</b>
(Increase)/decrease in inventories	(380 859)	(236 857)
(Increase)/decrease in trade receivables	4 212 016	(5 375 542)
(Increase)/decrease in other receivables	(5 046 730)	(639 831)
(Increase)/decrease in VAT receivable	(5 445 670)	(3 563 501)
Increase/(decrease) in conditional grants and receipts	(6 869 468)	1 985 179
Increase/(decrease) in trade payables	6 016 017	3 468 339
Increase/(decrease) in VAT payable	1 499 798	-
Prior year error	(16 484 759)	-
Other asset	(39 165 957)	-
Increase in other liability	(1 778 397)	-
<b>Cash generated by/(utilised in) operations</b>	<b>25 934 796</b>	<b>28 670 755</b>

**25 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	3 161 504	2 473 229
Bank overdrafts	-	-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<b>3 161 504</b>	<b>2 473 229</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2 012	2 011
	R	R

**26 CORRECTION OF ERROR**

During the year ended 30 June 2011 and previous years, PPE and other assets were incorrectly recognised:

2 954 734 656

The comparative amount has been restated as follows:

Income Statement Change	2 782 881	
Depreciation	(317 466 724)	
Net effect on surplus/(deficit) for the year	<u>2 640 050 814</u>	
PPE		2 954 734 656
Donation of Inventory not accounted for at fair value		-
Staff leave accrual		-
Net effect on Statement of Financial Position		<u>2 954 734 656</u>
Net effect on Accumulated surplus opening balance		<u>(314 683 843)</u>

**27 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**27.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	21 511 529	21 460 771
Unauthorised expenditure current year (2011 restated)	8 676 194	16 233 937
- previously reported in 2011		2 014 043
- unauthorised expenditure understated		14 219 894
Approved by Council or condoned		(16 183 179)
	<u>30 187 723</u>	<u>21 511 529</u>

The prior year unauthorised expenditure has been restated from R14 219 895 to R16 233 937, there is no effect on future profit/loss.

**Incident: Disciplinary steps/criminal proceedings**

Unspent conditional grants is disclosed in note 10 of the financial statements at a balance of R 11,8 million. The municipality has a cash and cash equivalents aggregating to R 3,1 million. Therefore the amount of R 8,6 million is not backed by cash.

	8 676 194	16 233 937
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**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>27.2 Fruitless and wasteful expenditure</b>			
Reconciliation of fruitless and wasteful expenditure			
Opening balance -			
Fruitless and wasteful expenditure current year			
Condoned or written off by Council			
To be recovered – contingent asset			
Fruitless and wasteful expenditure awaiting condonement		-	-

**Incident: Disciplinary steps/criminal proceedings**

VAT penalty due to non submission of invoices for input VAT

**27.3 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance	45 939	45 939
Fruitless and wasteful expenditure current year	1 106 481	
Condoned or written off by Council		
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement	1 152 420	45 939

**Incident: Disciplinary steps/criminal proceedings**

Non-adherence to Supply Chain -  
no disciplinary steps were taken

**28 ADDITIONAL DISCLOSURES IN TERMS OF  
MUNICIPAL FINANCE MANAGEMENT ACT**

**28.1 Contributions to organised local government**

Opening balance	-	55 940
Council subscriptions		198 000
Amount paid - current	(702 260)	(253 940)
Amount paid - previous years	187 908	
<b>Balance unpaid (included in payables)</b>	<b>(514 352)</b>	<b>-</b>

**28.2 Audit fees**

Opening balance		721 456
Current year audit fee	1 710 990	1 144 451
Amount paid - current year	(1 558 574)	(1 865 907)
Amount paid - previous years	(152 416)	
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**28.3 VAT**

VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>28.4 PAYE and UIF</b>			
Opening balance			-
Current year payroll deductions		7 173 482	4 754 017
Amount paid - current year		(7 173 482)	(4 754 017)
Amount paid - previous years			
<b>Balance unpaid (included in payables)</b>		<b>-</b>	<b>-</b>

The balance represents PAYE and UIF deducted from the June 2012 payroll. These amounts were paid throughout the year.

**28.5 Pension and Medical Aid Deductions**

Opening balance			-
Current year payroll deductions and Council Contributions		11 867 243	6 285 146
Amount paid - current year		(10 820 137)	(6 285 146)
Amount paid - previous years			
<b>Balance unpaid (included in payables)</b>		<b>1 047 106</b>	<b>-</b>

The balance represents pension and medical aid contributions deducted from employees in the June 2012 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2012.

**29 CAPITAL COMMITMENTS**

**29.1 Commitments in respect of capital expenditure**

<b>- Approved and contracted for</b>	<b>-</b>	<b>16 037 984</b>
Infrastructure		16 037 984
Community		
Heritage		
Other		

<b>- Approved but not yet contracted for</b>	<b>-</b>	<b>-</b>
Infrastructure		
Community		
Heritage		
Other		

<b>Total</b>	<b>-</b>	<b>16 037 984</b>
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This expenditure will be financed from:

- External Loans		
- Government Grants		16 037 984
- Own resources		
- District Council Grants		
	<b>-</b>	<b>16 037 984</b>

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>29.2 Operating leases</b>			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
<b>Operating leases - lessee</b>			
Within one year		171 680	499 434
In the second to fifth year inclusive			171 680
After five years			
<b>Total</b>		<b>171 680</b>	<b>671 114</b>

Operating Leases consists of the following:

Municipality entered into an operating lease for a photocopy machine. The minimum rental payable under operating lease R29 315 excluding VAT escalating at 10% per annum. The lease expired at end of October 2012.

### 30 RETIREMENT BENEFIT INFORMATION

#### 30.1 Defined contribution plan

The municipality operates a defined contribution plan. Contributions have been expensed in the statement of financial performance.

### 31 CONTINGENT LIABILITY

#### 31.1 Claim for damages

<b>220 000 000</b>	<b>208 325 000</b>
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The Municipality is being sued by a ratepayer. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R200 000 000. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled in the future.

The Municipality is being sued by a ratepayer. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R20 000 000. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled in the future.

### 32 IN-KIND DONATIONS AND ASSISTANCE

The Municipality received the following in-kind donations and assistance

#### Description

Donation of Land was received on 20 July 2011 from with a fair value of R46 798 084. The intention of the municipality was to sell the land.

46 798 084

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2 012	2 011
		R	R
<b>33 RELATED PARTIES</b>			
<b>Related party transactions</b>			
Commission revenue recognised from Agency relationship		166 981	485 666
The municipality is involved in an agency relationship with Capricorn District Municipality for the provision of water services			
<b>34 EVENTS AFTER THE REPORTING DATE</b>			
No significant events were identified by management that could result in adjusting or non-adjusting events in accordance with IAS 10.		-	-
<b>35 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>			
The following areas involve a significant degree of estimation uncertainty:			
Provision for long service awards			The total liability is equal to the expected present value of each employee's long service leave benefits. The long service leave benefits are calculated as the annual basic salary divided by 250 working days multiplied by the number of long service leave days awarded for the service period. In calculating this liability we also allowed for mortality, retirements and withdrawals from services.
Unused leave provision			The total liability is equal to the expected present value of each employee's unused leave benefits that is payable on death, disability, retrenchment, retirement (normal, early and ill-health) and resignation. The benefit is equal to the member's basic annual salary divided by 250 working days, multiplied by the total of unused leave days due up to a maximum of 48 days. In calculating this liability we also allowed for mortality, retirements and withdrawals from service.
Provision for bad debts			The provision for bad debts for municipality was calculated based on the following assumptions- 0-90 days is not considered to be bad, 91-120 days - of the debts is 25% is considered bad, 121-365 days debt - 50% of the debt is considered bad. All debts over 365 days is considered irrecoverable.

**Blouberg Local Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2 012	2 011
	R	R

**36 RESTATEMENT OF COMPARATIVE INFORMATION**

Provision for leave and bonuses have been reclassified as accruals. The effect of the restatement is summarised below:

**Statement of Financial Position:**

	Restated 2011 balance	2011 balance
Property Plant and equipment	3 498 446 260	3 477 023 436
Accumulated depreciation	(343 718 905)	(26 252 181)
Debtors payments in advance	(1 489 316)	(202 734)
Consumer debtors	2 656 726	1 370 144
Other Debtors/CDM Advance account debtors and billing	4 358 445	-
Deferred income	(3 323 357)	-
Other debtors/CDM Advance account commission	3 323 357	-
	<b>3 160 253 211</b>	<b>3 451 938 665</b>

**37 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

**APPENDIX A**  
**BLOUBERG MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2012**

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value	Budget Additions 2012
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>													
Land	2 394 008 123	-	-	-	(3 960 250)	2 390 047 873	-	-	-	-	-	2 390 047 873	-
OPERATIONAL BUILDINGS	36 871 593	1 130 868	-	-	-	38 002 461	10 307 560	2 395 835	-	-	12 703 395	25 299 066	-
COMMUNITY FACILITIES	45 326 399	2 785 263	2 307 862	-	-	50 419 524	13 159 466	2 818 183	-	-	15 977 648	34 441 876	-
	<b>2 476 206 116</b>	<b>3 916 130</b>	<b>2 307 862</b>	<b>-</b>	<b>(3 960 250)</b>	<b>2 478 469 858</b>	<b>23 467 026</b>	<b>5 214 017</b>	<b>-</b>	<b>-</b>	<b>28 681 043</b>	<b>2 449 788 815</b>	<b>-</b>
<b>Infrastructure</b>													
<i>Electricity:</i>													
Electricity Network	606 680 022	2 514 063	-	-	-	609 194 085	139 027 782	13 795 449	-	-	152 823 231	456 370 855	-
<i>Roads:</i>													
Roads Network	382 149 544	14 941 695	-	-	-	397 091 239	178 434 949	27 440 027	-	-	205 874 976	191 216 262	-
	<b>988 829 566</b>	<b>17 455 758</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 006 285 324</b>	<b>317 462 731</b>	<b>41 235 476</b>	<b>-</b>	<b>-</b>	<b>358 698 207</b>	<b>647 587 117</b>	<b>-</b>
<b>Other Assets</b>													
<i>Emergency Equipment:</i>													
Fire fighting equipment / fire hoses	8 743	184	-	-	-	8 927	2 300	1 589	-	-	3 889	5 038	-
Emergency / rescue equipment	9 000	-	-	-	-	9 000	2 430	1 620	-	-	4 050	4 950	-
<i>Furniture and Fittings:</i>													
Chairs and couches	614 662	142 029	-	-	-	756 691	180 068	88 389	-	-	268 457	488 234	-
Shelving and bookcases	438 575	-	-	-	-	438 575	119 252	56 388	-	-	175 640	262 935	-
Cabinets & cupboards	721 376	170 565	-	-	-	891 941	200 672	143 878	-	-	344 549	547 392	-
Other furniture and fittings	140 324	-	-	-	-	140 324	40 892	24 782	-	-	65 674	74 650	-
Tables & desks	577 289	81 778	-	-	-	659 067	161 033	112 565	-	-	273 598	385 469	-
<i>Motor Vehicles:</i>													
Trucks, buses and Idv's	4 169 111	-	-	-	-	4 169 111	617 137	164 227	-	-	781 363	3 387 748	-
Passenger vehicles	976 998	476 009	-	-	-	1 453 006	179 534	102 434	-	-	281 968	1 171 039	-
Trailers and accessories	896 400	225 983	-	-	-	1 122 383	232 118	51 173	-	-	283 291	839 091	-
Tractors	5 900	268 606	-	-	-	274 506	850	6 635	-	-	7 485	267 021	-
<i>Office Equipment:</i>													
Office machines	16 583	-	-	-	-	16 583	4 976	3 051	-	-	8 027	8 556	-
Computer hardware	1 588 298	333 482	-	-	-	1 921 779	493 670	408 023	-	-	901 693	1 020 086	-
Air conditioners	379 976	-	-	-	-	379 976	136 287	82 213	-	-	218 500	161 476	-
Audiovisual equipment	187 745	1 689	-	-	-	189 434	58 810	34 465	-	-	93 275	96 159	-
Office equipment - other	108 065	-	-	-	-	108 065	30 908	19 884	-	-	50 792	57 273	-
Domestic equipment	90 318	-	-	-	-	90 318	30 054	18 374	-	-	48 428	41 890	-
<i>Plant and Equipment:</i>													
Plant and equipment - other	100 781	-	-	-	-	100 781	28 752	12 958	-	-	41 709	59 072	-
Workshop equipment and tools	878 579	-	-	-	-	878 579	237 440	158 144	-	-	395 584	482 995	-
Lawnmowers / gardening equipment	62 886	3 000	-	-	-	65 886	25 368	14 921	-	-	40 289	25 597	-
Generators	9 950	-	-	-	-	9 950	4 925	1 279	-	-	6 205	3 745	-
Compressors	6 194	-	-	-	-	6 194	1 672	796	-	-	2 469	3 725	-
	<b>11 987 754</b>	<b>1 703 324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 691 078</b>	<b>2 789 148</b>	<b>1 507 789</b>	<b>-</b>	<b>-</b>	<b>4 296 937</b>	<b>9 394 141</b>	<b>-</b>
<b>Total</b>	<b>3 477 023 436</b>	<b>23 075 212</b>	<b>2 307 862</b>	<b>-</b>	<b>(3 960 250)</b>	<b>3 498 446 260</b>	<b>343 718 905</b>	<b>47 957 282</b>	<b>-</b>	<b>-</b>	<b>391 676 187</b>	<b>3 106 770 073</b>	<b>-</b>



**Blouberg Local Municipality**  
**APPENDIX B**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council	1 314 997	267 332	-	-	1 582 329	360 730	245 439	-	606 169	976 160
Finance & Admin	1 330 809	79 221	-	-	1 410 031	409 340	250 244	-	659 584	750 446
Planning & Development	298 406	50 010	-	-	348 416	103 973	58 599	-	162 572	185 843
Health	86 210 502	3 920 350	2 307 862	(3 960 250)	88 478 464	23 483 730	5 223 187	-	28 706 917	59 771 548
Community & Social Services	871 536	331 505	-	-	1 203 042	247 447	134 883	-	382 330	820 711
Public Safety	1 662 228	23 479	-	-	1 685 706	424 740	258 904	-	683 644	1 002 062
Waste Management	63 806	15 409	-	-	79 215	17 087	14 564	-	31 651	47 564
Road Transport	382 248 488	14 945 730	-	-	397 194 218	178 463 506	27 458 915	-	205 922 421	191 271 798
Electricity	606 731 468	2 527 220	-	-	609 258 688	139 042 532	13 806 949	-	152 849 481	456 409 207
Corporate Services	6 243 322	914 956	-	-	7 158 278	1 165 818	505 599	-	1 671 418	5 486 861
<b>Total</b>	<b>1 086 975 563</b>	<b>23 075 212</b>	<b>2 307 862</b>	<b>(3 960 250)</b>	<b>1 108 398 387</b>	<b>343 718 905</b>	<b>47 957 282</b>	<b>-</b>	<b>391 676 187</b>	<b>716 722 200</b>

**Blouberg Local Municipality**  
**APPENDIX C**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2012

2011	2011	2011		2012	2012	2012
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
-	4 743 137	(4 743 137)	Municipal Manager	-	5 477 841	(5 477 841)
96 414 019	24 501 692	71 912 327	Finance & Admin	134 707 216	4 494 229	130 212 987
2 896 801	7 654 294	(4 757 493)	Economic Development & Plannir	8 588 654	26 355 454	(17 766 800)
2 940 032	9 305 099	(6 365 067)	Community Services	3 441 786	11 139 422	(7 697 636)
-	28 183 406	(28 183 406)	Corporate Services	-	41 896 874	(41 896 874)
10 258 333	20 143 760	(9 885 427)	Technical Services	42 647 746	64 132 838	(21 485 092)
-	-	-	Other			
<b>112 509 185</b>	<b>94 531 388</b>	<b>17 977 797</b>		<b>189 385 402</b>	<b>153 496 658</b>	<b>35 888 744</b>
			Less: Inter-Department Charges			
<b>112 509 185</b>	<b>94 531 388</b>	<b>17 977 797</b>	Total	<b>189 385 402</b>	<b>153 496 658</b>	<b>35 888 744</b>

**Blouberg Local Municipality**

**APPENDIX D**

**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**

as at 30 June 2012

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By- law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
<b><u>Financial Performance</u></b>									
Property Rates	10 271 585	8 571 585	-	8 571 585	7 929 213	-	642 372	1	1
Service Charges	11 875 175	12 829 175	-	12 829 175	6 722 694	-	6 106 481	1	1
Investment Revenue	450 000	850 000	-	850 000	712 912	-	137 088	1	2
Transfers Recognised - Operational	83 703 000	84 703 000	-	84 703 000	77 631 288	-	7 071 712	1	1
Other Own Revenue	12 041 440	13 436 640	-	13 436 640	60 106 116	-	(46 669 476)	4	5
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	<b>118 341 200</b>	<b>120 390 400</b>	<b>-</b>	<b>120 390 400</b>	<b>153 102 222</b>	<b>-</b>	<b>(32 711 822)</b>	<b>1</b>	<b>1</b>
Employee Costs	49 611 324	43 800 573	-	43 800 573	40 555 494	-	3 245 079	1	1
Remuneration Of Councillors	11 043 393	11 043 393	-	11 043 393	9 854 910	-	1 188 483	1	1
Debt Impairment			-			-		#DIV/0!	1
Depreciation & Asset Impairment	600 000	600 000	-	600 000	47 957 282	-	(47 357 282)	80	80
Finance Charges	250 000		-			-		#DIV/0!	-
Materials & Bulk Purchases	15 086 660	17 177 130	(243 800)	16 933 330	14 603 257	-	2 330 073	1	1
Transfers & Grants						-		#DIV/0!	1
Other Expenditures	31 201 823	30 199 190	243 800	30 442 990	40 525 715	-	(10 082 725)	1	1
<b>Total Expenditure</b>	<b>107 793 200</b>	<b>102 820 286</b>	<b>-</b>	<b>102 820 286</b>	<b>153 496 658</b>	<b>-</b>	<b>(50 676 372)</b>	<b>1</b>	<b>1</b>
<b>Surplus/(Deficit)</b>	<b>10 548 000</b>	<b>17 570 114</b>	<b>-</b>	<b>17 570 114</b>	<b>(394 436)</b>	<b>-</b>	<b>17 964 550</b>	<b>(0)</b>	<b>(0)</b>
<b>Transfers Recognised - Capital</b>	<b>29 207 000</b>	<b>32 325 115</b>		<b>32 325 115</b>	<b>36 283 179</b>	<b>-</b>	<b>(3 958 064)</b>	<b>1</b>	<b>1</b>
Contributions Recognised - Capital & Contributed Assets						-		#DIV/0!	
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	<b>39 755 000</b>	<b>49 895 229</b>	<b>-</b>	<b>49 895 229</b>	<b>35 888 743</b>	<b>-</b>	<b>14 006 486</b>	<b>1</b>	<b>1</b>
Share Of Surplus/(Deficit) Of Associate						-		#DIV/0!	
<b>Surplus/(Deficit For The Year)</b>	<b>39 755 000</b>	<b>49 895 229</b>	<b>-</b>	<b>49 895 229</b>	<b>35 888 743</b>	<b>-</b>	<b>14 006 486</b>	<b>1</b>	<b>1</b>
<b><u>Capital Expenditure &amp; Funds Sources</u></b>									
<b><u>Capital Expenditure</u></b>									
Transfers Recognised - Capital	29 207 000	32 325 115	-	32 325 115	31 847 917	-	477 198	1	1
Public Contributions & Donations			-			-		1	1
Borrowing			-			-		1	1
Internally Generated Funds	10 548 000	17 570 114	-	17 570 114	3 753 067	-	13 817 047	0	0
<b>Total Sources Of Capital Funds</b>	<b>39 755 000</b>	<b>49 895 229</b>	<b>-</b>	<b>49 895 229</b>	<b>35 600 984</b>	<b>-</b>	<b>14 294 245</b>	<b>1</b>	<b>1</b>